

Council on Postsecondary Education  
September 22, 2002

## University of Kentucky Professional Development Center Construction Project

Action: The staff recommends that the council approve the University of Kentucky's request to construct a Professional Development Center with \$8,000,000 of private funds.

The University of Kentucky proposes to construct a Professional Development Center. The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated.

The Professional Development Center will be a new 29,000 square foot facility that serves the needs of the International Business and Management Center. The center will be a part of the Gatton College of Business and Economics and will house professional development programs, conferences, and training workshops.

The Professional Development Center may be located off-campus in an area designated by the University of Kentucky and the Lexington Urban County Government for "College Town"

development. This area includes several city blocks bordered by Rose, Limestone, Euclid, and High streets.

The Professional Development Center project was included in the university's 2002-08 Six-Year Capital Plan and in the 2002-04 Capital Projects request as part of a much larger project titled Construct Gatton Building Complex (\$54.4 million). The university requested state funds to complete the project, but it was not included in the council's 2002-04 budget recommendation. The university has decided to complete the Professional Development Center portion of the larger project using private funds. The council is asked to approve the project for completion using a different fund source.

When a project that is to be completed using private money is presented to the council for action, an institution is asked to certify the availability of funds for completion. The University of Kentucky states that funding for the project (\$8,000,000) has not been raised but will be available from private sources within the next 12 months. The university further states that project construction will not begin until all private money has been committed.

In the interim, when capital projects are presented for council action, other associated costs are to be disclosed. The annual cost of operations and maintenance for the facility is estimated to be \$336,000. These costs for education and general facilities are traditionally borne by the state. However, approval by the council for authority to complete this capital project does not include an approval of state general funds for the operations and maintenance. A recommendation of state general funds support for operations and maintenance would be made as part of the

council's development of the biennial budget recommendations. The university indicates that state general funds may be requested in future biennia for operations and maintenance of the facility.

Following council action, the staff will forward the council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson